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Using Critical and Creative Thinking Skills to Enhance Integrity in Business Organizations

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**USING CRITICAL AND CREATIVE THINKING SKILLS TO ENHANCE
INTEGRITY IN BUSINESS ORGANIZATIONS**

A Thesis Presented

by

Madeline B. Conley

**Submitted to the Office of Graduate Studies, University of Massachusetts
Boston, in partial fulfillment of the requirements for the degree of**

MASTER OF ARTS

December 1996

Critical and Creative Thinking Program

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USING CRITICAL AND CREATIVE THINKING SKILLS TO ENHANCE
INTEGRITY IN BUSINESS ORGANIZATIONS

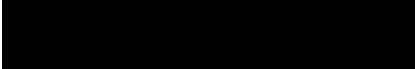
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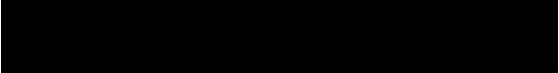
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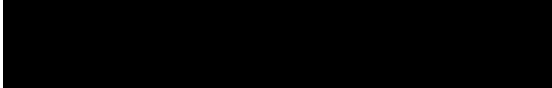
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ABSTRACT

USING CRITICAL AND CREATIVE THINKING SKILLS TO ENHANCE INTEGRITY IN BUSINESS ORGANIZATIONS

December 1996

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Directed by Professor John R. Murray

In this thesis I explore some of the ways in which critical thinking skills can be used to facilitate the development of integrity in business organizations. The vehicle I have developed to bring these thinking skills to organizations is a one-day intensive workshop with a follow-up half-day evaluation session. In chapter one, I define integrity and compare it to Stephen Carter's definition. I also analyze five specific critical thinking skills and relate them to two actual cases: Dow Corning and fictitiously named, First National Bank. In the Dow Corning case, I argue that management might have produced a less destructive outcome had they used critical thinking skills to analyze their problems and come to a resolution. In the second case, with First National Bank, I discuss how the bank managers successfully used critical thinking skills to arrive at an ethical decision.

In chapter two, I present the workshop which is designed to develop critical thinking skills and enhance integrity. The last part of the chapter is concerned with evaluating and reinforcing the skills developed in the workshop. In chapter three, I integrate the material from the first two chapters. I review Carter's definition of integrity and examine it in light of the five critical thinking skills, the workshop skills and the Dow Corning and First National cases. Those who read this thesis should come away with a clear idea of some ways in which critical thinking can facilitate the development of integrity in business organizations.

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CHAPTER 1

THE THEORY OF CRITICAL AND CREATIVE THINKING WITH RESPECT TO BUSINESS

The intent of this thesis is to outline a one-day workshop for business people that will help them integrate critical and creative thinking skills into their business activities. The workshop I develop in this thesis will provide opportunities for participants to acquire, practice, and refine the skills of critical and creative thinking within a group of like-minded peers. They will develop many critical and creative thinking skills, although the main thrust of the course will be to facilitate the practice of integrity in every aspect of business life.

The definition of integrity used here is based on the work of Richard Paul (Paul, 1993). While recognizing that a multiplicity of moral standards may be of value, the business executive with integrity has carefully considered the moral standards that she considers to be important. She can defend those values both personally and professionally, and act consistently with those values even in the face of adverse pressure and when no other person is observing her actions.

The individual who exhibits integrity recognizes the importance of dialogue with

others who may have different points of view and is willing to continue to modify those values in critical dialogue with others.

Having developed my own definition of integrity, I then encountered the work of Stephen Carter. I will discuss in greater detail, Carter 's definition of integrity as it relates to my work in chapter 3. However, there are some similarities which I will address now. Carter defines complete integrity as occurring in three phases: discerning right from wrong, acting on the result of that discernment, and openly disclosing to others that one is acting on the basis of that discernment (Carter, 1996). First, when I state that the business executive has carefully considered the moral standards that she considers to be important, I imply that the individual has thought carefully, i.e., discerned the standards that are right from those that are wrong. Second, my version, which suggests that the actor should be able to defend the standards she espouses, relates to Carter's third requisite of disclosing to others the basis of the discernment. Third, my argument for consistent action relates directly to Carter's second demand--the call for action based on the result of discernment.

Two other definitions should be stated here. First, I define responsibility as the rational decisions and actions of an individual or corporation that are caring and respectful of other people, the community, and society as a whole. Moreover, responsible people are trustworthy and hold themselves accountable for the

results of their actions (Goodpaster & Matthews, 1995). Second, I define a fair-minded person as one who takes care in forming opinions by evaluating evidence, and weighing alternatives and opposing points of view.

A major goal of this workshop will be to serve as a lively and motivating forum where participants will value and explore the practice of integrity in a business context. Workshop participants will have the opportunity to consider significant business issues where other values and the value of the bottom line appear to be at odds with one another. Students can become independent in their thinking and take a stand for the values they espouse. The workshop will also provide a vehicle for purposeful growth, which, as described by Gruber and Wallace is necessary to "mak[e] oneself into the kind of person who can do the creative task in view."(Gruber & Wallace, 1989, p.15). In this case, that means creating an organization with integrity.

The critical study of issues of integrity enables individuals to think about these issues with greater clarity and rigor. This course will seek to promote in students the art of conscious deliberation, which gives rise to greater sensitivity to ethical issues and makes each participant more aware of how important ethical conduct is in business.

The Importance of Critical Thinking in Business

Peter Vail, a noted observer of the world of business, describes our times as “permanent white water” (Vail, 1996). New and unique problems arise because business is complex, beyond the current experience of most managers. These conditions often give rise to poorly defined problems that can cost a great deal of time, money, and ingenuity. Vail argues that white water is inherently chaotic because most of these problems are inevitable. (Vail, 1996).

One problem inherent in the nature of capitalism is that intense competition creates strong pressures for both the corporation and individuals. Managers in the nineties are confronted with increasing pressure from stockholders to reduce costs and increase profitability. In a recent study that surveyed the intentions of CEOs, Morris found that when CEOs face financial and other pressure, their intentions may tend toward the unethical. In addition, during periods of poor economic growth and flat technological change for a company, CEOs are more likely to resort to less ethical intentions (Morris, Rehbein, Hosseini & Armacost, 1995).

Most corporations and the individuals who comprise them would assert that the decisions they make are rooted in sound business practice. However, when the financial survival of the organization is at risk, the actual practice of ethics may fall short of the ideal. When self-interest is involved, it is easy to come to

egocentric conclusions (Paul, 1993). A good example is the former CEO of Beechnut foods. In 1992 he found evidence that Beechnut's apple juice, marketed as 100% pure, was little more than a mixture of sugar, water and chemicals. He had the option of recalling the product but had been hired to enhance profitability. The costly recall would have eliminated all profits. In addition the sugar, water, and chemical combination could be purchased from the supplier at a price 25% lower than a concentrate that was authentically pure. While Paine argues that this organization did not intentionally set out to be unethical, she does not excuse the behavior. She notes that "these errors of judgment...often...reveal a culture that is insensitive or indifferent to ethical considerations..." (Paine, 1994, p.108-109). A jury clearly had a different opinion. The unethical CEO finally pleaded guilty to mislabeling the product. The total expenses to the company were in excess of \$25 million. The Tylenol case discussed on page 8 illustrates a CEO with a different mind-set.

Huse cites Wood as arguing that the influence of business organizations on the entire culture is significant (Huse & Eide, 1996). The actions and values of business organizations have an impact on society that goes beyond the community where the corporation is located (Collins, 1996). An example of this is the activity of Dow Corning. In 1995, Dow Corning lost \$2 billion--of total 1994 revenues of \$2.14 billion-- in trying to cover up the studies linking cancer to breast implants. Ironically, implants accounted for only 1% of their business.

By assuming a posture of defense at all cost, rather than one of concern for their customers, the company ran headlong into bankruptcy (Kelly, 1995). The actions of the executives who made those decisions affected not only the lives and health of the women who had implants but also the morale within the company (Byrne, October 2, 1995). In addition, when the company went into bankruptcy, it adversely impacted the livelihood of Dow Corning's employees and hence, the economics of the local communities. The ripple effects of those actions will probably be felt for several years.

I assert that had Dow Corning instituted a critical and creative thinking process, the outcome could have been different. The reflective disciplined process of critical thinking would have helped them clarify the issues and illuminate the social and financial implications relating to the quality and type of decisions. The resultant crisis might have been averted or minimized, saving millions of dollars and probably many lives. A fair-minded critical thinker, through her own clear analysis of the alternatives at hand, has the potential to influence others to make responsible decisions and take thoughtful action. A truly creative thinker could shorten the problem-solving process and add innovation to a business-as-usual mode of operation. I will discuss this later in the chapter.

Defining Critical Thinking

Critical thinking is oriented to results or outcomes. It is thinking that is supported by a framework of criteria and standards such as reasonableness, clarity, and depth. The issues at hand are constantly examined from all perspectives so the insights produced continuously evolve, change, and adjust as the critical interchange proceeds. The thinker acquires and consciously uses certain skills and dispositions to facilitate the process. I have analyzed and outlined five specific critical and creative thinking skills and dispositions below. I believe they will facilitate the enhancement of integrity in organizations. They are: caring thinking, metacognition, assumption identification, suspension of judgment, and seeking multiple perspectives.

Caring thinking: Lipman (Lipman, 1995) argues that caring thinking is also a requisite for critical and creative thinking to be complete. He posits that emotions set the stage for rational inquiry and help with understanding and interpretation. He cites Scheffler as noting that certain "...emotional dispositions facilitate inquiry. Examples [are] the love of truth, concern for accuracy, disgust at evasion and admiration for theoretical achievement." (Lipman, 1995, p. 2). I would argue that the emotions can be used to set the stage for either positive or negative reason. When a person thinks critically she can differentiate and suspend the emotions that are counter-productive. Moreover, caring thinking precedes critical thinking. People who wish to learn and practice critical thinking

do care. They care about improving the quality of their thinking, holding themselves to standards, and engaging in the process of rational inquiry. Even more fundamentally, caring thinking involves transcending personal concerns and biases to enter into respectful dialogue with others who may have a different perspective. Out of this caring comes an acknowledgment of our mutual dependency, both material and immaterial, and a willingness to modify our own point of view and egocentric propensities if that would better serve the needs of all.

Lipman contends that with caring thinking one is able to cite reasons why specific activities are important. Business organizations that think caringly, for example, can cite reasons to protect the environment and act ethically with customers, employees and suppliers. Some of these reasons may even include enlightened self-interest--when doing the right thing benefits the actor as well as the recipient of the action. In business language, providing a quality product, responding to customer needs, and protecting the environment usually result in an increase of business. Whatever the reason, the business actions of these organizations are consistent with the values they espouse. The actions of James Burke, CEO of Johnson and Johnson, clearly illustrate this. When Burke was confronted with evidence of possible tampering, he made the costly decision to recall Tylenol from the shelves rather than risk the loss of additional lives.

Metacognition: This is the process of thinking about the quality of all aspects of one's own thinking: the formation of concepts and principles, decision-making, and problem-solving (Marzano et al., 1988). Metacognition is a requisite for ongoing modification of the thinking process. By circling back on the type and quality of our thoughts, we can raise new insights and move our thinking forward. Metacognition assumes an attitude of inquiry and evaluation. When a group acts in a metacognitive fashion, they improve significantly, i.e., the thinking deepens and expands. Often group members can be metacognitive agents for other members of the group. Members of organizations who demonstrate a willingness to engage in critical thinking in this mutually critical manner, are better equipped to take charge of their thinking and the resulting action by planning for goals and evaluating their progress.

Assumption identification: Since all thinking begins with our beliefs and assumptions, it makes sense to identify the basis for our thinking. If we cannot sharply identify, clarify and justify our assumptions, we predispose ourselves to flawed thinking which may result in poor decisions and wrong or inappropriate action (Paul, 1993). Ruggiero states that since assumption-making is often unconscious, it can thwart reasoned decision-making because we are not aware of and expressing attitudes that are the basis for generating new reasoning. The complex interconnections of assumptions we of which we are unaware help to create the lens through which we view life. When these assumptions are brought to light our thinking can become more rational (Ruggiero, 1995).

Suspension of judgment: All action is based on judgment. When we make a choice to believe or not believe, act or remain inactive, we do so on the basis of some form of judgment. Critical thinking seeks to help people use their abilities to make informed rational judgments. How, then, does the suspension of judgment improve our ability to make sound judgments? When we suspend our certainties or hold them lightly in the face of opposition, we create the psychological space for new possibilities to arise. Suspension of judgment, therefore, requires intellectual humility and produces intellectual open-mindedness. When we consciously and habitually cultivate the notion that we do not have all the answers, we listen more effectively and therefore, naturally generate respect for other perspectives. As we look at other options our thinking expands: we invite exploration, we synthesize information in new ways, and our creativity grows. Suspension of judgment can lead to a sharing of common content and creation of community (Bohm, 1989; Groethe, 1993; Paul, 1993).

Seeking Multiple Perspectives: The deeply held opinions that we bring to any thinking problem color our reasoning and influence our thinking to such a degree that we may be unaware that our mind is closed on a certain topic. Critical thinkers *must* seek out and consciously evaluate the perspective of many other individuals including those view points that are in direct opposition to the thinker. It is essential, in forming a complete opinion or compelling argument to be thoroughly familiar with the complexity of the issue. Insight can grow and objectivity can be solidified when we commit ourselves to uncovering the truth.

And “truth” is the tentative accomplishment of a number of critical thinkers (Paul, 1993; Ruggerio, 1995).

Critical Thinking Can Add Value to Business

Many companies are becoming aware that they can engage in responsible corporate practices and see their financial performance remain as good or better than that of other companies. They are aware that the connection between business and society is “a symbiotic relationship and it’s constantly changing.” (Plambeck, 1995) General Motors Corporation, Xerox Corporation, The Home Depot, and scores of other businesses large and small, have contributed to our society in ways ranging from community relations to environmentalism, to workplace diversity. Here are two examples. Xerox’s corporate attitude towards its diverse work place is that this diversity adds value to the products and services that the company produces. Xerox Corporation has opposed racism by actively promoting black people. Home Depot helps natural disaster victims by keeping prices stable in areas where disaster has struck. They also give free reconstruction advice and supplies to individuals who have lost a home. (Gaines, 1995). In addition, many investment companies are providing ways for stock purchasers to make a difference. Socially responsible investing, which began in the 1970s has played an important role in deactivating the Apartheid regime in South Africa. The notion of shifting capital away from destructive uses such as polluting industries and the use of child labor is still in place but

emphasis is now placed on funding enterprises that improve the quality of life on the planet.

Critical and creative thinking do not inevitably lead people to take the moral high road. However, when people who have good intentions meet with an open-minded and caring attitude, there is a greater likelihood that ethical behavior can result. The process supports clarity in the formulation of opinions which may lead to action. Many thinkers are not conscious of the process they use to come to a conclusion or solve a problem. Critical and creative thinking makes this process conscious. People who are engaged in critical and creative thinking can separate belief from actual knowing through justification. In this process they verify the reliability and accuracy of the information, and identify the interests of the source of information. (Chaffee, 1985). On the other hand, it is unlikely that critical thinking would facilitate ethical action in those who have clearly negative intentions. There are two types of corporate environments where the critical and creative thinking process can contribute: It can enhance the decision-making process in those corporations that are socially responsible. It can also raise the awareness of those who may wish to improve in that domain but who fail to recognize the financial and social benefits.

How Critical Thinking Can Help

Critical and creative thinking lends itself particularly well to the business context because of the nature of both business and critical thinking. Business is concerned with solving problems: facing the complexities involved with developing a quality product or service that meets the market's needs, the problems related to shareholders' demands for increasing profitability, and issues associated with governmental regulations, as well as balancing the good of the client against personal gain. Critical and creative thinking is concerned with evaluating and resolving problems. Ennis, defines critical thinking as "thinking that is reasonable, reflective thinking that is focused on deciding what to do or believe." (Ennis, 1987, p.10) Since the process is "responsive to and guided by intellectual standards such as relevance, accuracy, precision, clarity, depth and breadth" (Paul, 1993, p. 20), it encourages higher quality decisions. Rather than the "ready, fire, aim" decision-making mentality that characterizes so many business operations, critical and creative thinking seeks to create new understanding as people critically explore multiple perspectives. When they suspend judgment and investigate the full range of available moral standards, they experience a "sharing [of] common content" (Bohm, 1989, p.14). New options arise out of this shared understanding that includes opposing points of view. When people create new meaning out of the chaos of conflicting points of view, they can begin to identify shared values. Shared values act as the glue that holds a corporation to its goals and commitments. People who share similar

values can more easily create a vision that works for the entire company (Senge, Ross, Smith, Roberts & Kleiner, 1994). The shared vision, in turn, helps to create the climate of the work place. Cohen reports on research that indicates that moral behavior in organizations is predicted by a combination of the individual's values and beliefs and the demonstrated values of the institutional community (Cohen, 1995).

Critical thinking is particularly useful in helping to construct an ethical climate of shared values. The careful analysis inherent in the process can help avoid extreme views such as moral absolutism--the view that certain inflexible rules of moral behavior or values are the only standard of measurement for moral behavior and moral relativism, or that no objective, i.e., shared, standard is possible. While those who think critically generally adhere to moral standards, thinkers engaged in the process can help avoid over-simplifying the issues by increasing their awareness of assumptions, encouraging inquiry, detecting biases, and searching for patterns and relationships. These activities can clarify options, and evolve solutions that work in the real world.

Often the problems inherent in making business decisions are not clear cut. The range and shades of gray appear to be almost infinite. Here is an example of one actual dilemma some contemporary executives faced. Examining their steeply increasing costs, it became clear that moving operations to Mexico,

where the labor was 90% less expensive, was the most viable economic alternative for their corporation. But the solution was not that simple: The move would devastate the economy of the small town where the company was located and workers, once laid off, would have virtually no chance of finding other jobs. The executives tried to negotiate with the local union to accept reduced wages but met with adamant refusal. Moreover, the company had to contain costs to survive the competitive conditions. If it could not, all jobs would be lost. A critical thinker might argue that the workers in Mexico might have greater need for the jobs. Hence, the move to Mexico could be considered beneficial for some people. Most critical thinkers would question whether the union leaders had fully informed the workers of the consequences of their actions. Once in possession of all the facts the workers might choose to reduce their wages rather than lose their jobs. This is exactly what the employees did decide. These and other comments were made by ethical evaluators of the case. See Appendix D for the complete case. (Wallace, 1996b). People who think critically do not always agree on what could be the best outcome to a problem. However, with thorough on-going analysis, viable solutions can appear.

Another type of problem confronts managers: In multinational corporations cultural values and legalities may be inconsistent with the mores of business people who value integrity. In some countries, bribes and kickbacks are a standard way of doing business. To a manager steeped in ethical values, such

policies can come as a shock and present ethical challenges to doing business. The critical and creative thinking process can be particularly valuable in this context because it promotes tolerance for complexity and ambiguity, the suspension of judgment, and a passion for originality (Davis, 1992). In other words, new alternatives can be created when people are open to looking at the entire picture. The legality in this type of case is clear: under the Foreign Corrupt Practices Act, a U.S. citizen may not use bribes to facilitate business. However, although business may not ensue, a critical thinker might use this kind of situation to promote integrity in international business by enhancing cross-cultural dialogue. Some of the elements included in the dialogue might be based on the five aspects of critical thinking defined earlier in this chapter. A beginning conversation might sound like this: "We care about diversity and we believe that we have much to learn from one another. (caring thinking) If we can meet to identify, understand and reflect on the different values that we hold and how they serve us in our own particular culture, we may come to respect our positions and find a way of doing business that honors our differences. (metacognition, assumption identification, seeking multiple perspectives) If we can suspend our judgments about one another as we learn about each other's perspective, we may come to a new understanding of our mutual needs which may serve us in other similar circumstances. (suspension of judgment, seeking multiple perspectives) In fact, it may be possible for business people of many

different cultures to develop ideas about what it means for their firm to do business on a global scale, both culturally and environmentally”.

Critical thinking is essentially social in nature. Examining many points of view requires practice and patience, given that no one person has a final say. Rather, good critical thinking is a process of continuous evolution and refinement. It produces well-reasoned answers because it relies on metacognition--the process of thinking about one's thinking. This on-going self monitoring, instigated by others' critique, provides a quality check that enhances the thinking of the participants. Critical thinking encourages people to analyze the implications and consequences of a proposed action. And it is imperative that thinkers locate deficiencies in their arguments (Paul, 1993).

Critical and Creative Thinking at Work: Some Case Studies

Let us relate critical and creative thinking to two actual cases, the first being Dow Corning, a company with a firmly established ethical code of conduct. The ethics program at Dow Corning was so highly regarded that Harvard Business School used it in three case studies and it served as a model for similar programs in other corporations. Dow Corning management appeared to be serious about their program. Many of Dow Corning's executives were pillars of their churches (Byrne, 1996).

One could speculate that on the surface this was a company that would act responsibly. However, in retrospect, we can see that Dow Corning violated most of the values it ostensibly espoused. Dow Corning had an entire room filled with files containing information on silicone implants. Much of the data was conflicting. However, they did have research findings, dating back at least ten years, which suggested that silicone implants were related to cancer and other diseases. Interestingly, Dow Corning managers never took the time to sift through the mountains of data. They even lied about conducting extensive studies about the safety of implants and deliberately selected data that supported their position. Dow Corning received complaints from physicians who were inserting the implants, saying that they were leaking silicone but they ignored the grievances. Dow Corning also ignored warnings that the silicone could migrate to other parts of the body causing obstructions and other problems. Moreover, the company was aware that the envelope encasing the silicone was too thin and subject to easy rupture. Dow Corning even ignored warnings from their own sales and marketing executives regarding the safety of the implants. In addition, medical insiders at Dow Corning suspected that the company was overestimating the number of women who had implants in order to reduce the percentage of complaints.

silicone implants were safe; they also felt that the issue was a business problem, not an ethical one. And they were concerned that suspending manufacturing would make them look bad in the eyes of a judge. Considering all these factors, Dow Corning management voted to continue operations. Ultimately, the company was shown to be negligent. Its internal memos indicated that Dow Corning management ignored its own research findings that silicone implants were unsafe. Juries and judges considered the decisions unethical and as a result the company went into bankruptcy (Byrne, 1996; Byrne, October 2, 1995).

I believe the process could have been different if Dow Corning had used a critical thinking process to evaluate the problem and make decisions. How? Let us examine just one aspect of the critical and creative thinking process with respect to the behavior at Dow Corning. We can view the critical and creative thinking skills holistically. In other words, looking at one skill or disposition often leads one to the other skills and dispositions. I begin by considering the critical thinking skill of metacognition: thinking about the quality of one's own thinking. Metacognition makes the person doing the thinking more open-minded and receptive to new ideas, more reflective, able to carefully consider options and suspend judgment. Metacognitive reflection can act as a catalyst allowing the thinker to begin using the other critical thinking skills ideas such as suspending judgment. When a person suspends judgment, she is free to inquire deeply,

examine many perspectives, and make connections between seemingly disparate pieces of information. These skills also facilitate creative thinking. However, virtually any skill can be used to begin the pattern. Let us consider assumption identification. This skill helps the thinker become more open-minded and seek new perspectives which can lead her to suspend judgment. When people working in business identify all their assumptions and replace them with accurate information, they are more likely to become open-minded because they truly understand the other person's perspective. The clarity of mind associated with these dispositions can enable the thinker to suspend judgment while in dialogue about an issue. The critical thinking skills and dispositions are reciprocal and synergistic. They can be used to facilitate resolution of a wide variety of concerns.

Had Dow Corning management practiced these skills and abilities, I believe their problem-solving sessions could have evolved differently. For example, if Dow Corning managers had paused to think about their own thinking, they would have realized that they had not considered the point of view of their sales and marketing people who were telling them that the physicians were having problems with the implants rupturing. That would have led them to consider the point of view of the women who were having the implants. They would have understood the psychological and physical trauma associated with losing breast tissue due to the scarring after the implants (Byrne, 1996). Dow Corning might

have realized that these women, banded together, would have a very powerful voice. Dow Corning might have also considered the general antipathy of juries towards large corporations and anticipated their potential losses. Even if self-interest turned out to be their only motivation, Dow Corning managers would have seen the value of a genuine display of concern for the women who complained of problems and they might have obtained a different result.

Perhaps Dow Corning would have more carefully evaluated the effect of silicone on the human body; after using critical and creative thinking, they would have wanted to differentiate fact from opinion. Instead, they took the word of their chemists and engineers that silicone was chemically inert and therefore safe for humans.

If Dow Corning management had been willing to suspend their judgment about the need to cover up their mistakes, they would have been freer to examine the quality of their thinking. They may have raised some important questions: Why is a cover-up necessary? Why not examine all facts relevant to implants? What would be the consequences of a cover up if it was revealed in court? Why not devote time and resources to additional scientific research and development which might come up with a truly safe product? Rather than remaining content with a polyurethane bag (the container for the silicone) that was thin and subject to rupture, a creative thinking process might have raised other questions to consider: Could another type of material serve as the container? Could the

present material be strengthened without compromising pliability? Could something be added to or deleted from the silicone composition to make it safe?

Creative thinking often employs analogical thinking: How is this problem similar to a problem in another domain? What lessons and solutions can be transferred to this issue? How was the problem resolved in that domain? John Swanson, Dow Corning's ethics manager, tried to alert management to the controversies and difficulties Dow Chemical, Dow Corning's parent company, had experienced before. Dow Chemical had suffered extensive damage to its reputation due to controversies over the toxicity of Agent Orange and other destructive products. It spent millions of dollars on public relations, trying to repair the damage. (Byrne, 1996). If Dow Corning managers had examined the quality of their own thinking, they might have been able to see how that experience was relevant to their particular situation. In the final analysis, Dow Corning failed to separate their business and legal considerations from their moral responsibility to the users of their product. Critical thinking is of little value if it does not lead to action. The millions of dollars they spent on litigation could have been used earlier to develop a safer product. In the case of Dow Corning, the use of critical and creative thinking could have led to critical action that benefited the company and its customers.

The development of critical thinking with respect to a particular concern can often be arduous and inconvenient. So companies often skip a detailed multi-faceted analysis of a situation. The fast pace of the business world contributes to making short-term decisions. However, even thinkers with the best of intentions can come to premature conclusions (Ruggerio, 1995). Flawed assumption-making impedes clear thinking and ethical problem-solving. The path to expanded awareness sometimes necessitates a painstaking sifting through of the complexities of the issue in order to make sense of it.

However, on the other hand, there was a bank I shall call First National, that successfully used critical thinking skills to arrive at an ethical decision. In 1986, after a period of low interest rates, the banking industry experienced a sharp spike of rising interest rates. The low interest period was preceded by several years of high interest rates, which had created a large pent-up demand for houses and mortgages. Therefore, the real estate market was very busy for several months during this low interest period. Because the public perceived that rates were at an unprecedented low, the vast majority of loan applicants locked in their rates at application for a period of sixty days. Suddenly, almost without warning, rates rose about 2 3/4% in 72 hours. So a 7% rate on Monday suddenly became 9.75% on Wednesday.

An important fact for this case is that most banks do not retain fixed rate new mortgages. They package them to sell in the secondary mortgage market. When the interest rate rose suddenly, banks and other mortgage lenders had full pipelines of loan applications at low rates that had not been approved or closed. All stood to lose millions of dollars by selling mortgages with rates below market at the time of sale. So lenders were faced with a crucial decision: Should each lender delay processing the loan until the rate lock ran out and the mortgage could be repriced from 7% to 9.75%? Any experienced lender could influence the process to achieve this end.

This is, in fact, what the majority of lenders did do to avoid enormous losses. The other alternative was to conduct business as usual. A significant minority of lenders decided that the proper thing to do was to honor the rate locks even though they knew the decision would probably cost them millions of dollars. First National's decision wiped out an entire year's earnings of \$3.5 million. However, they felt ethically bound to honor their agreements.

How did they make this decision? First National successfully used many critical thinking skills to come to their decision. They clearly defined the problem and argued the issues from multiple perspectives (i.e., from the point of view of the bank, the customer, the governmental regulators, and the employees) while withholding judgment about the final outcome of their discussions. They even

considered the possibility of manipulating the system in their favor. Having analyzed the alternatives, First National managers agreed that there were only two choices. First, they could delay processing the loans by manipulating appraisals, attorney closing times, and internal bank processing. This would cause the rate locks to expire and the higher rate would be passed on to the applicants. This action would save the bank millions of dollars but individual borrowers would pay 25% more in mortgage rates. Applicants could sue and complain to the governmental bank regulators. However, manipulation would be hard to prove because of the many elements involved.

Second, the bank could process loans normally and suffer large losses. The contracts between the bank and the applicants required a good faith effort of the bank to process the loans as quickly as possible. The problem became even more complex during the problem definition phase, when the executives realized that a major loss such as this one could put the bank out of business. Besides potentially losing income, they were thoroughly aware that three hundred families depended on the wages that First National paid them.

After critical examination of the problem, they saw the more serious implications: First, there was the problem of the loans in the pipeline, second, the viability of the bank, and third, the loss of many jobs and the influence of those losses on the families and the community. However, having fully evaluated their choices

using metacognition, they concluded that only one was viable. A choice that was at first gray became painfully clear: There was only one proper course of action. This group of bankers had a long history of ethical behavior that led them to ethical behavior in this matter. In their managerial discussions, the most salient assumption they each identified was one of integrity. Having worked together for many years, these bankers understood one another. They assumed that each one of the managers would prefer to act with integrity. To take illegal and unethical action was abhorrent to them. First National's executives cared about their reputation as business people and they cared about the contract they made with their customers. Thus, their thinking was automatically caring thinking. Because these people had years of practice doing the right thing, it was natural to continue along that path. To violate the law and their code of ethics would have resulted in an enormous loss of self-respect. The critical thinking process supported the action the First National executives took. As a consequence of their critical thinking, they maintained the trust their customers had placed in them. Executives in other banks used their critical thinking skills to come to an entirely different conclusion.

The types of decisions that the bank and Dow Corning faced tested the real-world integrity of the decision makers. These lead to some pivotal questions: What factors in an organization support ethical behavior? What are the

characteristics of an ethical business organization? I will address those issues in this section.

Morality and The Organization

Personal morality and values are directly related to ethical behavior in organizations. Fraedrich, Thorne and Ferrell, use Kohlberg's theory of moral development to illustrate how different stages of moral development can lead to widely differing moral reasoning. For example, a person in Kohlberg's Stage One would be concerned with ethical behavior only to the extent that she avoided getting punished if she violated the rules. An individual in Stage Four would be interested in maintaining the present system but also might want to contribute to society. An individual in Kohlberg's Stage Six would be less inclined to preserve the status quo in situations where the dignity of human beings was being violated. Such an individual would be more likely to act strictly in accordance with personal beliefs with regard to the dignity of all human beings (Fraedrich et al., 1994).

Kohlberg's research suggests that the stages of moral development he defines are sequential and cross-culturally invariant. That is, while individuals may become "stuck" in one stage, they progress through the stages in the same sequence (Kohlberg, 1971). Kohlberg's findings on the developmental nature of moral development are relevant for critical thinkers: People who are genuinely

willing to engage in critical inquiry can move from an egoistic stage to a more altruistic stage. Hence, Kohlberg's theory may offer a compelling rationale for the ethical education of employees at all levels of the organization. Finnegan also argues that "When an individual is faced with an ethical dilemma, his or her value system will colour the perception of the ethical ramifications of the situation." (Finnegan, 1994, p.747) In light of these findings, it seems reasonable to conclude that a culture of shared values could lead to ethical behavior in an organization. In fact, many companies report that when all members of the organization share similar values, the result is consistency of service (Paine, 1994).

This author wishes to acknowledge the work of Carol Gilligan in her critique of Kohlberg. Gilligan's argument that Kohlberg's justice dilemmas do not give credence to the different caring orientation of women is understood and noted. My reference to Kohlberg's work is used specifically to provide a foundation for the argument of educating for integrity. That is, if moral development progresses through sequential phases, then it makes sense to facilitate the process through education. Moreover, I would argue that caring thinking, as I have defined it, relates to Gilligan's work; critical dialogue between open-minded and caring individuals, therefore, is only a variation on the form of education.

An example of this process occurred with NovaCare, a company that provides services to nursing homes. This organization experienced a dichotomy in values between the therapists who were giving direct care to the patients and the managers who were running the company. The therapists were interested in providing high quality care for the patients whereas the managers were primarily interested in financial success measured by billable hours. Unable to reconcile their values with the management's, therapists, left the company in huge numbers. Recognizing the problem, managers called a meeting with the remaining therapists; there they constructed a mutual vision based on the shared values of respect, service, excellence, and personal integrity. Following this intervention, employee turnover was reduced, and the quality of care increased (Paine, 1994). The NovaCare case illustrates how the process works: The caring thinking of the therapists provided a foundation for critical dialogue with the managers that led to increased open-mindedness and better business practice.

Organizational Climate and Ethical Behavior

The overall tenor of an organization can play a significant role in laying the foundation for ethical behavior. Studies reported by Wimbush and Shepard suggest that the behavior of the group leader or supervisor was particularly relevant as a model for ethical behavior for employees. Research findings indicate that employees model the behavior of their superiors rather than the

official code of conduct outlined by company policy. The relationship between the ethical climate of an organization and the actions of its members varies with the kind of ethical environment that is created. Wimbush and Shepard provide three illustrations. First, employees working in an organization where the “rules” of behavior are valued are likely to report violations of those rules to the appropriate authorities. The rules set the tone for employee behavior. Second, in an ethical climate where an attitude of “caring” prevails, employees would demonstrate interest in the good of all the stakeholders in the organization: other employees, customers, suppliers and stockholders. In a third type of organizational atmosphere called “instrumental” the implicit climate supports self-interested behavior of the workers, often to the disadvantage of others (Wimbush & Shepard, 1994). Cohen reports that when employees become aware that managers are committing a crime, their morale is reduced. Moreover she also describes studies that suggest the prevailing attitudes of management towards ethical behavior sets the tone for behavior in these matters for the entire organization (Cohen, 1992; Cohen, 1995). Cohen proposes that “A positive moral climate will ensue in firms where formal organizational policies and procedures focus attention on moral concerns.” (Cohen, 1995, p.333) Thus, she establishes a link between the organizational climate and employee behavior. However, in a multi-tiered organization a different ethical attitude may prevail at each level of the hierarchy. As noted previously, the supervisor at each level appears to carry significant weight in determining the actual versus the

espoused behavior of her employees at that particular level (Wimbush & Shepard, 1994). Paine, argues that the actors throughout an organization, either implicitly or explicitly, demonstrate the ethical or unethical style of the organization. This can be demonstrated through the attention paid to the beliefs, language and values that are part of the organizational climate (Paine, 1994). It follows, therefore, that an organizational climate where the most senior leadership models a concern for ethical behavior would embody ethical behavior throughout the ranks.

Cohen also suggests that integrity in an organization is supported when people perceive that they are in relationship with one another and have bonds with the community (Cohen 1995). It has also been found that a team approach to solving real-world ethical dilemmas works much more effectively than an individual working alone. Through collaborative efforts a group can recognize potential pitfalls and more effectively avert ethical lapses (Wallace, 1996a). When this ethos pervades an organization, the cooperative nature of critical thinking helps people to examine many perspectives and construct new understanding that can lead to critical action for the benefit of the corporation and the community.

Simply having a written code of ethics is not enough to ensure responsible action in the organization. Employees in today's organizations have experiences

and values that are as diverse as their numbers. Given this diversity, there is usually a wide variation in the ways people think and the ethical dilemmas they choose to act on (Driscoll, Hoffman & Petry, 1995). All employees need to be informed and think critically about how integrity works in the organization. As Cohen suggests, when employees can participate in establishing the organizational culture, they have a pride of ownership that promotes commitment (Cohen1995).

In chapter two I provide a workshop designed to use the critical and creative thinking skills to enhance integrity in organizations. It is intended for cross-functional, multi-level employee participation. The workshop will produce the best results if participants come from all levels, and broadly represent employees from all aspects of the organization.

CHAPTER 2

ENHANCING ETHICS THROUGH CRITICAL AND CREATIVE THINKING

Organizations learn only through individuals who learn. Individual learning does not guarantee organizational learning. But without it no organizational learning occurs (Senge, 1990, p 139).

By addressing the cognitive, behavioral, and affective dimensions of integrity, this workshop helps develop that quality in organizations: There are four main objectives to be attained by the end of this workshop: 1. The participants will use the exercises to help develop integrity in their organization. 2. They will also be able to use critical thinking to help develop integrity in organizations. 3. As noted in chapter one, critical thinking is social in nature. Therefore, the participants will begin to create a community of caring individuals who support each other in enhancing integrity in their workplaces through the use of critical and creative thinking. 4. The participants will understand the critical and creative thinking process as a tool to help develop a shared understanding of how ethical behavior can affect business outcomes. As a result, workshop participants will come to a deeper commitment to promote ethical behavior in their organizations. By practicing the critical and creative thinking skills, participants will learn to solve creatively some of the complex dilemmas that are part of business life.

Many of the critical and creative thinking skills will be presented indirectly as well as directly. The participants create meaning by reflecting on, shaping, gaining perspective on, and modifying their own thoughts, as well as by interacting with other workshop participants and investigating the material presented in the exercises.

Audience: This workshop is designed to address a cross section of employees in a corporation. The skills and responsibilities of those who attend are diverse, as is the gender and racial mix. Since management sets the tone for the entire organization, I expect that the most senior management will attend and participate. By interacting with one another, examining each other's points of view and forming a working vision of integrity for the organization, these people will take an active part in bringing that vision to life.

Pre-workshop reading: Since business people have busy schedules, pre-reading will be kept to a minimum. The purpose of the pre-reading is to provide workshop participants with a broad overview of the critical thinking skills; they will gain a deeper understanding of the critical thinking skills through their experiences in the exercises. The readings are:

2. Reasoning: Elements, Standards, Traits and Abilities -A one page outline obtained at the 1996 Critical Thinking Conference. See Appendix B.

The workshop contains 7 exercises: Integration and synthesis, Constructivist listening exercise, Vision exercise, Desert survival situation, Integrity in Action, Left-hand; right-hand column exercise, and Vision re-visited.

Workshop Schedule and Timetable

- 9:00 Coffee and opening remarks; developing the ground rules
- 9:30 Integration and Synthesis 50 minutes total
- Small group discussion: 20 minutes
 - Large group discussion: 30 minutes
- 10:20 Constructivist Listening Exercise: approximately 25 minutes total
- Each member of the dyad talks: 3 minutes.
 - Large group discussion: 15 minutes
- 11:45 10 minute break
- 11:55 Vision exercise 60 minutes total
- Part One Journal writing: 30 minutes
 - Part Two Partners share vision: 15 minutes
 - Part Three Think about implementing the vision 15 minutes
- 12:55 Lunch break

- 2:00 Desert Survival Situation: 80 minutes total
- Individual ranking: 10 minutes
 - Small group ranking: 50 minutes
- 3:00 Break: 10 minutes
- 3:10 Desert survival large group discussion: 20 minutes
- 3:30 Integrity in Action: 60 minutes total
- Case reading and individual interventions: 20 minutes
 - Small group interventions: 20 minutes
 - Large group discussion: 20 minutes
- 4:30 Left Hand-Right Hand Column exercise: 75 minutes total
- Individuals write their conversations: 15 minutes
 - Partners share conversations with one another: 30 minutes
 - Large group discussion: 30 minutes
- 5:45 Vision Re-visited and Wrap-up: 30 minutes
- Refining the vision: 10 minutes
 - Closing remarks: 20 minutes

Assumption: I assume that all of the participants in this workshop have diverse interests and are at various stages in their development of critical thinking and integrity. Therefore, I have chosen exercises that will be meaningful to a wide variety of people.

The workshop opens with familiar introductory activities: personal introductions and goals for the course. Then we move to a discussion of the safety of the container: Some individuals will be sharing sensitive information regarding the ethical positions and actions of their organizations. Since these people could be reluctant to share information potentially damaging to themselves or their organizations, it is imperative for the success of the workshop to create a sense of safety for all of the participants. Therefore, the participants should set the standards for confidentiality. The workshop facilitator should elicit from the participants the ground rules for discussion (i.e. no discussion of names of participants or their organizations outside of the space of the workshop.) The working rules should come from the group. After the introductory period, we move to the 7 parts of the workshop.

Integration and Synthesis of Reading Material

Objective: At the end of this exercise the participants will be able to identify and begin to understand the critical thinking skills and how they relate to developing integrity.

Rationale: It is important to have a clear idea of integrity, what it looks like in action, its relevance to organizational life, and its impact on productivity and profitability. Talking about critical and creative thinking as it relates to integrity allows people to develop and expand their own ideas. By communicating with one another, people bring new ideas to the surface and can integrate them to form a more complete picture (Boostrom, 1993).

Directions: Separate into small groups. Develop a group concept of integrity. Discuss how it expresses itself in your organization, how it affects the people in your organization and how it would feel to be part of an organization with the type of integrity that you describe. A spokesperson from each group will report the results of the discussion to the class. We will list and summarize the results of the small group presentations.

Constructivist Listening

Constructivist listening is a form of self-reflection. It provides an uninterrupted forum for the talker to delve deeply into issues that matter to her and to begin to resolve these problems through her own thinking. Constructivist listening is derived from the constructivist view of intelligence: that human intelligence is flexible and that learning results from self-organization. Proponents of constructivist listening believe that when we build up stress our behavior becomes uncaring and destructive. In constructivist listening, we express emotions and thus release stress which interferes with clear thinking. This

exercise initiates the first step of dialogue with another: Someone is talking, using metacognition, and the other person is listening respectfully. The respect displayed in this manner implies caring. The listener cares enough to listen closely, without either judging or interrupting, while the talker experiences the listener's acceptance and freely explores issues of concern. This dynamic can contribute to greater clarity of thought which leads to more caring behavior because constructivist listening is different from other listening techniques: The talker does virtually all of the talking while the listener thinks about what is being said, listening attentively. In this way the talker is not likely to become dependent on the listener for approval. Nor is the talker in danger of having salient emotions cut off by the listener's inadvertent paraphrasing, questioning, and misinterpretation. As the talker releases stress, she can construct new understanding, having more clarity of thought and the freedom to pursue those thoughts to their logical conclusion.

Constructivist listening has value for both the talker and the listener. The listener, freed of having to prepare a response, can listen deeply to what is being said; while the talker freed of distractions, can probe more thoroughly the complexity of her thoughts and emotions. Because the constructivist listening model can be difficult to adjust to, the dyads begin slowly, with each talker speaking for three minutes. In this process, attentive listening generates respect for the individual's ability to come to grips with her own issues (Weissglass,

1990). Constructivist listening will be used throughout the workshop to help participants refine their own thinking about the relevance of integrity in their personal and corporate lives.

Objective: The participants will have attained a rudimentary ability to listen attentively without judgment. The talker will maintain appropriate eye contact and receptive bodily posture, and will be able to successfully paraphrase the content of the talker's reflection.

Rationale: Listening to what others are saying--beyond the explicit meaning of their words--is a valuable skill. When we listen in this manner, we are focused on the talker rather than on what we are going to say next. We can more easily suspend judgment and be open to new ideas. When we talk or are listened to in this manner, our defenses drop and we can be free to express ourselves more creatively and effectively. This exercise is placed second because it provides the foundation for the thread of listening that runs through the workshop (Senge et al., 1994).

Directions: Find a partner, preferably someone whom you do not know, and sit facing one another. Each of you will be given an equal amount of uninterrupted time to talk about how you can use critical and creative thinking to enhance integrity in your organization. Listeners, your job is to listen attentively and without judgment. Each partner in the dyad is given an equal amount of time to talk and listen. All conversations are strictly confidential.

Vision

Vision is perhaps the most important component in creating an organization that acts with integrity. Robert Fritz defines vision this way:

By vision I mean the inner crystallization of the result that you want to create, so that the result is conceptually specific and tangible in your imagination--so tangible and so specific, in fact, that you would recognize the manifestation of the result if it occurred. (Fritz, 1984b, p.66)

A powerful vision has the power to turn the tide of history. One has only to think about the vision of Martin Luther King, Nelson Mandela, John Fitzgerald Kennedy, or Henry Ford to recognize the enormous value of vision to mobilize people and resources. In the nineties, the vision of Bill Gates and others like him is changing information systems over the entire planet. The personal vision of these men sparked the imagination of others who shared the vision, in turn influencing the thinking of others. Thanks to the boldness of a few creative thinkers, we have more racial equality, we have traveled to the moon, and we take for granted personal transportation for everyone (Senge, 1990).

Objective: Participants in the workshop will have begun to develop a vision that matters to them.

Rationale: All visions begin with the individual doing that which is most important to her: creating a nurturing environment for a child, or creating an ethical and caring organization in her corporation. Vision provides the road map to reach the destination. Without the vision, ideas surface and die. Real vision is connected to purpose in life and carries deep meaning for the individual. It

brings with it a sense of commitment, passion and deep caring. The visionary usually wants to create something of intrinsic value to the individual, the organization or the planet. Often a powerful personal vision can provide the impetus for an individual to rise above the petty foibles that plague most of us.

Personal vision has power. When shared by of a group of committed individuals, this power grows exponentially. Many organizations, particularly in their formative stages, develop a vision statement. Usually the statement resides in a file cabinet and is updated every few years in response to the prevailing economic and market conditions. These vision statements bear no resemblance to the type of vision that lifts aspirations and moves one from the mundane to the extraordinary. Shared vision occurs when everyone in the organization has had an opportunity to create the larger vision, moving from the bottom to the top and laterally as well as from the top to the bottom. Although the greater vision usually begins with one individual, the complete vision is created when individual visions interact with one another. In that way all members of the organization have ownership for their particular piece of the big picture. Shared vision pulls people out of themselves and inspires acts of experimentation, risk-taking and courage. Without a significant goal to reach for, it is easier to maintain the status quo. Shared vision helps generate sustained commitment to a project long after the initial enthusiasm for it has faded. The vision is woven so deeply into the fabric of daily work that it becomes an inherent part of the

organization. It gives life to daily activities (Fritz, 1984b; Fritz, 1991; Senge et al., 1994; Senge, 1990)

Critical and creative thinking support the creation of personal and shared vision. Metacognition and inquiry facilitate the process of slowing down to reflect on what matters most. Shared vision is created as people examine many points of view. This product of group thinking can provide insight into egocentricity and sociocentricity and help people avoid them. The standards for reasoning, i.e., that it is relevant, consistent, deep, clear and fair, provide a basis for developing perspective and testing the viability of the vision.

Now that we in the workshop have a deeper understanding of how critical and creative thinking relates to integrity, and we have begun to listen deeply to one another, we can begin to imagine ourselves in the context of our organization. Having built these two skills, we can visualize how they would manifest in our own particular context. This exercise follows the model in the DMA teachers' manual by Robert Fritz (Fritz, 1984a).

Directions: This is a three part exercise consisting of personal reflection, dyadic conversation and journal time.

Part One: The first part of the exercise is concerned with developing a personal vision for the individual's role in the organization as well as her vision for the organization as a whole. Each person does Part One alone.

Spend 30 minutes in quiet reflection and write in your journal about what you see as your organization's most valuable assets. Also reflect on and write about those ethical aspects of the organization that most trouble you. Then, begin to reflect on how the organization would look if it could be any way that you desired. Do not limit your thoughts to what you think is realistic or achievable. For now, begin to conceive of what you truly want.

Part Two: Now, share your vision with your partner. Now is the time to expand and refine your vision. (10 minutes total)

Part Three: In your journal, list the resources, both human and financial, that you currently have and those you will need to implement your vision. Whose vision is likely to be similar to yours? Whose will be different? Who will support you? Who will reject your ideas? How can you enroll them? (10 minutes total)

The Desert Survival Situation

As noted in chapter one, critical thinking is social in nature. One individual thinking alone is less likely to develop a comprehensive concept or practice as thoroughly as a cohesive group thinking together will do. This exercise is designed to illustrate that point. In addition, the exercise will provide workshop participants with practice in consciously using many critical and creative thinking

abilities: analogical thinking, assumption making, metacognition, inquiry, listening to many viewpoints, analyzing actions, and considering the implications and consequences of those actions.

Objective: The participants will have practiced using the critical thinking skills they developed in the preceding exercises, applying them to a situation of desert survival. They will identify all of the critical thinking skills they have used and present their understanding to the large group.

Rationale: Having developed the critical thinking skills, the participants need to apply them to solve a problem. This is the first opportunity in the workshop that the participants will have to work as teams to identify, work with, and implement the critical thinking skills. By increasing awareness of how their skills operate in virtually any context, participants will be able to transfer this learning to any situation.

Summary: Participants imagine that their plane has just crashed in the desert. They have only a few supplies. There are two tasks: First, individually rank order the materials in terms of how important they are to survival.(10 minutes) Second, perform the same task as a group.

Directions: See Appendix C for the complete exercise.

Integrity in Action

The process of critical thinking helps to define and clarify the issues at hand. When we are making rational decisions, critical thinking abilities enable us to evaluate the evidence, compare it to analogous situations, look deeply into the problem, and provide insightful reasoned solutions consistent with the values that support the common good--that which supports the welfare of the community both collectively and in the largest possible context (Fagothey, 1959). Good critical thinking helps people examine deeply-held views which can result in further clarification of values and standards. What this means is that the multiple perspectives of those who are not present (for example, members in the community opposing a specific action,) are also carefully considered. However, it is not always easy to determine a clear course of right action that supports the active values of the organization and the common good.

Objective: Given an actual case history, the participants will have identified and used several critical thinking skills to come to a rational decision about the ethical dilemma presented.

Rationale: Now that we have had practice working with critical and creative thinking in several contexts, we will apply that knowledge in a situation where any one of us could be found.

Summary of the case: The CEO of an organization has ordered a subordinate to investigate relocating operations to Mexico where labor is much less expensive. The union refuses to cooperate by accepting reduced wages. Moreover, most of

the workers would not be able to find other employment. See Appendix D for the complete case.

Directions: Group yourselves into teams of four. Individually read the case and decide upon a course of action that seems reasonable to you. After you have made notes regarding your course of action, meet with your team and share your ideas about the proper course of action to take. Be sure to note all of the critical thinking skills that your group is using as you progress through the exercise. Lastly, compare your solutions to the problem with the experts who provided their solutions. (40 minutes)

Roletaking

Remaining detached from any one perspective is essential to creating open-mindedness. Attachment to a specific concept may preclude the cognitive flexibility necessary to approach a problem freshly--from the point of view of an outsider (Gallo, 1994). This inability to cognitively detach can interfere with the ability to develop creative solutions.

Objective: The participants will have placed themselves in the role of another person, and they will have understood and worked within the context of another point of view. Each of the members of the dyads will have shared insights gleaned from this different perspective.

Rationale: Often our emotions interfere with our ability to solve problems close to us. This exercise takes us out of our own context by using our skills to help solve the issues that concern a colleague. Since many business situations are similar, we might take the insights that we generate back to our own organization.

Directions: Select a partner. Determine who is A and who is B. If you are B think about an ethical situation or dilemma in your organization that has not yet been resolved. Explain in as much detail as possible all of the circumstances of the situation. Define the problem from your perspective as clearly as possible. If you are A, place yourself in the context described to you. Really take the role of the protagonist. Look around. What do you see? Using all of the skills that you now possess, solve the problem from your point of view. When you have completed this half of the exercise, reverse roles.

Left Hand-Right Hand Column

Many people wonder how to begin thinking. Usually thinkers begin with beliefs, assumptions and presuppositions. Good critical thinking depends on identifying and questioning those beliefs and assumptions. Often, however, thinkers hold beliefs and assumptions so deeply that they are unaware of them. These unnoted assumptions can intrude on effective thinking and communication (Paul, 1993). They can be particularly destructive when one is trying to create a climate that will enhance integrity. On the surface all the players may claim a

common vision, but the different and undisclosed assumptions of each individual in the group can contribute to chaos rather than harmony. Hidden assumptions can manifest themselves in various ways. Because people carry their concerns, beliefs and assumptions under the surface, tension may develop impeding honest communication about the real issues at hand, especially of where or how the tension arose (Argyris, 1986; Chaffee, 1985; Senge et al., 1994). This exercise is designed to illuminate those hidden assumptions to the thinker. Once the thinker is aware of the assumptions, she has the freedom to develop constructive means to talk about what is really going on and to test the assumptions. The left-hand column work is drawn from the original work by Chris Argyris and expanded by The Dialogue Group and Peter Senge in his book The Fifth Discipline Fieldbook.

Objective: The participants will have recalled a recent conversation and identified the assumptions hidden in that conversation.

Rationale: It would be easy to assume that we have a good understanding of how critical and creative thinking works. However, most of us need practice in becoming aware of our assumptions and hidden agendas. This exercise helps us to be more vigilant in uncovering our assumptions. The process of identifying assumptions transfers to any context.

Directions: Select a difficult conversation that you have had within the last week or two. Take a sheet of paper and draw a line down the middle. Label two sides

of the page, "Right" and "Left". In the right-hand column write what was said during the conversation. In the left-hand column write your thoughts about what was being said. The conversation on the following page took place in a bank.

Left Hand Column
Your thoughts

Right Hand Column
The conversation

How can I get rid of this guy ASAP?

Customer: I want to talk to someone in authority about my checking account.

VP: I'll do what I can to help you.

We do make mistakes but far fewer than customers do.

Customer: You people keep on paying my checks for the wrong amount.

I'm late for a meeting and he wants to show me old checks.

VP: Please show me the checks in question.

How can I tell this guy that we don't encode the checks, the town screwed up but of course we can't look at every check.

Customer: Here is one to the town of Arlington, I wrote it for \$505.45 but you paid it for \$550.45.

VP: It was the town of Arlington that encoded the check for the wrong amount not the Bank. The machine at the Bank only read the check electronically as the town encoded it.

It's the truth but he won't accept it.

Customer: Well, you people should look at the checks not just pay them.

VP: We process millions of checks and can't look at every one. You have to get the town to correct the error.

Customer: Don't worry. I will but I want someone in authority here to know that you are being sloppy in processing checks.

I'm going give him something and get him out of here. He really just wanted someone to talk to.

VP: We will do our best to improve the process and I would like to give you a bank premium for your trouble. Here's a golf umbrella if you would like it.

Customer That's great, thank you. I'm sure things will improve.

Once you have laid out the conversation in this fashion, you will probably become more fully aware of the effect that your thoughts had on your interactions. You can take this exercise a step further by speculating on the left-hand column of the other person. You will then be in a better position to check your assumptions with the other person. Once you are aware of your own background thoughts, you will become aware of the left-hand column of others. You can then readily recognize how the collective unspoken thoughts and untested assumptions of a group of people working together can contribute to confusion and poor communication. It then becomes relatively easy to bring those assumptions to light.

Vision Re-visited

Developing a clear vision for an organization requires a certain honesty among the people in the organization. The left-hand column exercise helped identify possible blocks to creating a vision that can empower all of the members of the organization. With this knowledge, you can now form a more complete vision.

Objective: The participants will have modified their vision in light of the discussion and exercises following the first vision exercise. The large group will have constructed a vision constructed with input from all of those present.

Rationale: Creating a viable vision is essential to move the organization forward. Now that you have had several opportunities to look at the issue of integrity with the help of critical and creative thinking, your vision may have changed or

expanded. This three-part exercise will provide a chance to formally expand your vision and collaborate with others to make it happen.

Directions: This is a three part exercise consisting of closed eye visioning, dyadic conversation and large group sharing.

Part One: This is a closed-eye technique. I will narrate the directions to you. Find a comfortable position in your chair. Close your eyes, take a deep breath and relax. Take another deep breath and as you exhale allow all stress and tension to leave your body. Imagine, just for the purpose of this exercise, that we live in a world where anything at all is possible. Now see yourself in front of a movie theater. Walk in and find a comfortable seat. Imagine yourself looking at a movie of your organization as you want it to look. See yourself and your role as part of that organization. Place as many details as possible into your movie. Notice the interactions among the participants. Notice how it feels to be part of such an environment. (Time: three to four minutes) Begin to finish your vision now...slowly open your eyes and return to a fully awake state of consciousness (Fritz, 1984a). (5 minutes)

Part Two: Now select a partner and using the constructivist listening model explore the implications for the vision that you have created. Each of you can talk for 5 minutes. Think and talk about these questions: What attitudinal or cognitive shifts do you need to make to make this vision a reality? What role can you take in moving your vision forward? (10 minutes)

Part Three: Creating a shared vision. We reconvene the large group. Please share each of your visions with the large group. I will list similar ideas together on the same page of a flip chart. We will continue listing all aspects of each person's vision, grouping similar ideas together until a complete vision of integrity for the organization has been formed.

Once the vision has been created, the members of organization have the option to commit to its implementation. (15 minutes)

This workshop is just the beginning of creating an organization that has integrity as the basis of all of its actions. Regular follow-up sessions that include candid communication are a requisite for the entire team to remain in alignment around the vision.

Evaluation

I am hopeful that this workshop's ripple effects will reach so far that it will not be possible to accurately measure all of its effects. However, some the aspects of the workshop I have outlined below, These can be evaluated.

Time: 3 hours to be scheduled 2 to 3 weeks after the one day intensive workshop.

Evaluation Schedule and Timetable

9:00	Coffee and opening remarks
9:15	<u>Ethical action follow-up</u> 120 minutes total
	-Small group 80 minutes
	-Large group 40 minutes
11:15	<u>Shared Values</u> 60 minutes total
	-Individual writing 10 minutes
	-Large group discussion 50 minutes

Ethical Action Follow-up

Objectives: 1. At the end of this session the workshop facilitator will have: 1. observed the thinking skills and behavior of the participants using the evaluation criteria outlined below. 2. She will have gathered written material from the participants for detailed examination at a later date. 3. Based on the evaluation criteria described below, the workshop participants will have demonstrated that they have acquired and used the critical thinking skills to begin to create an organization with shared values and vision that has integrity as its foundation.

Rationale: The workshop participants will be presented with an ethical dilemma to solve. The case will provide an opportunity for the participants to synthesize the critical thinking skills they have learned and apply them to the situation described in the case. The facilitator will observe the interaction between the workshop participants as well as their ability to consciously integrate the critical

and creative thinking skills, shared values and vision that were presented in the workshop.

Directions: Group yourselves into teams of four. Imagine that you are the members of the team at the conference table. Select one member of your group to play each of the roles of the participants at the conference table at Byte. The fourth person should be the observer. This is your company; you establish the values and share in the responsibility for implementing the values and the results of the actions that you suggest. After you have determined your role, individually read the case and decide upon a course of action that seems reasonable to you and is consistent with the position that your character would take. After you have made notes regarding your course of action, meet with your team and defend your ideas about the proper course of action to take.

Observers: Be sure to note all of the critical thinking skills that your group is using as you progress through the exercise. Be certain to record only what you see and hear. Make sure that your judgments do not enter into your note-taking. Lastly, compare your solutions to the problem with the experts who provided their solutions. You may use the corporate library or whatever research materials you may possess to come to a final solution. (80 minutes) The large group will reconvene to share and compare decisions.

Summary: A long-term employee was dismissed from a computer company. Later, it was determined that the employee had a rare disease that results in slow mental and physical deterioration. The company's insurance company has

just denied coverage of the employee's medical claims. The fired employee and his wife will not survive without the coverage. The company needs to decide what, if any, action to take. See Appendix E for the complete case.

Evaluation criteria: As the small groups work, the facilitator will circulate among them and evaluate progress. These are the questions that the evaluator should answer.

1. *Purpose of Thinking:* Have the workshop participants defined their objective? Are they clear about what they need to do? Did they follow through with the objective?
2. *Assumption identification:* Have they identified and clarified their assumptions before proceeding with solving the problem?
3. *Caring thinking:* Do they exhibit interest in the relevance of the facts? Do they take care to gather all of the relevant facts? Can they relate to this case based on their own experiences?
4. *Metacognition:* Do the workshop participants periodically stop, reflect on and monitor their progress with regard to the case? Do they also evaluate their own use of the critical and creative thinking skills? Do they also evaluate the quality of their own thinking i.e., is it deep, clear, logical, precise, fair?
5. *Suspension of judgment:* Do they suspend personal judgment as they examine the implications and consequences of their actions and search for a solution to the problem?

6. *Multiple perspectives*: Does everyone in the group have a voice in the discussion and the final decision? Does the group make an effort to fairly evaluate ideas of an individual that may be different from the opinions of the majority of the group?

7. *Reasonableness*: Do group members ask one another to defend their arguments based on the completeness, fairness, and accuracy of their information?

8. *Thinking traits*:

A. *Independent Thinking*--Does each member of the group freely express her ideas?

B. *Intellectual humility*--Does the group individually and collectively demonstrate a willingness to learn from one another? Do they show respect for unusual opinions?

C. *Intellectual perseverance*--Do the group members follow an argument to its logical conclusion?

D. *Intellectual responsibility*--Does the group consciously examine all of the many aspects of the implications and consequences of their solution from the point of view of the company and the former employee?

9. *Shared values*: Has the group come to an agreement on the kind of values they want to espouse?

10. *Vision*: Has the group decided on and projected a vision of the values that they espouse for the company?

Large group discussion: Each small group presents a written and oral report of their solution and the thinking behind the solution to the other workshop participants. The facilitator helps in the process of the sharing and defending of solutions. The groups should be able to demonstrate that they had used the critical thinking skills to arrive at their ethical decision. At this point, the observer in each group should be invited to note specifics of the small group activities.

(40 minutes)

Shared Values

Objective: At the end of this exercise the workshop participants will have: 1. Used the critical thinking skills to begin to create a culture of shared values that supports integrity. 2. Acknowledged the negative values practiced in the organization. 3. Replaced the negative values with positive ones. 4. Compiled a list of the positive values they espouse.

Rationale: Now that we have had some time to work with and think about the critical thinking concepts and their relationship to integrity, we are going to explicitly define the values that help to create the environment that we now have. As we critically examine the values we practice, we can become more clear about the values that we need to integrate into our future practices.

are still practiced in this organization. (10 minutes) When you have finished, I will collect the cards and we will create a master list on a flip chart. As I read the value we will, use critical discussion (i.e., present logical rationale and use other critical thinking skills such as suspension of judgment, open-mindedness, and metacognition) to decide if this is a value that deserves to be added to the list of the values we wish to practice on a long-term basis in this organization. In cases where the value is negative, (i.e., does not serve the good of the individual, the organization or society) we will identify a positive one to replace it. (50 minutes)

Evaluation criteria: Do the individuals make reasonable arguments using the critical thinking skills and dispositions? Do they consider the implications and consequences of their values? Do they actively encourage everyone present to voice their opinion? Do they stay focused on the issue? Are they consistent in the values they espouse? Do they exhibit a desire to be fair even at their own expense? Are they willing to take an unpopular stand if necessary? Are they willing to learn from one another? Are their arguments relevant and complete?

All the materials generated in the workshop are given to the facilitator for detailed evaluation and analysis at a later date. The evaluation recaps and reinforces the ideas taught in this workshop. It also provides an opportunity to see how the participants have expanded their thinking and grown.

CHAPTER 3

WHY CRITICAL THINKING MATTERS IN THE DEVELOPMENT OF INTEGRITY

In this chapter I examine the three parts of Carter's definition of integrity and the five aspects of critical thinking outlined in chapter one and relate it to the Dow Corning and First National cases as well as the exercises in the workshop. In chapter 1, I paraphrase Carter's definition of integrity and discuss its relevance to my definition. Here I use his definition as a framework to integrate the concepts from chapter 1 and chapter 2.

Carter defines integrity this way:

When I refer to integrity, I have something very simple and very specific in mind. Integrity, as I will use the term requires three steps: (1) discerning what is right and what is wrong; (2) acting on what you have discerned, even at personal cost; and (3) saying openly that you are acting on your understanding of right from wrong. (Carter, 1996, p.7)

Critical and creative thinking can provide the means to achieve the three aspects of integrity that Carter discusses and to increase the level of integrity in business. First however, let us consider the three parts of this definition in light of the five aspects of critical thinking that I have outlined in chapter one: caring thinking, metacognition, suspension of judgment, assumption identification, and understanding many perspectives. (To make these clear, I will underline the concepts.) Certain critical thinking skills assume greater importance with some problems and activities than with others; therefore, not all of the five skills and

dispositions appear in each aspect of Carter's definition, especially in part three.

I now look at where the five aspects of critical thinking appear in the cases of both Dow Corning and First National as well as the workshop.

(1) *Discerning what is right and what is wrong.* As Carter notes, discernment implies that a certain amount of reflection must occur. Metacognition, being aware of our own thinking as we perform various tasks, is a requisite for discernment. Discerning involves continued monitoring of one's progress, and asking: What is the *right* thing to do (Schemel & Romer, 1981)? One of the differences between experts and novices is that experts consistently monitor their own progress. They anticipate outcomes. Anticipation, used in this context, can be metacognitive. The bankers at First National were metacognitive when they deliberated about manipulating the system in their favor. They realized that although the public would probably never know that they had acted unethically, they would have to face each other knowing that they had not done the right thing. Thus, their awareness of just how their thinking was going helped them to discern the proper course of action.

They also used caring thinking as they went through the process of determining the solution to their dilemma. They cared about their personal integrity--doing

thinking when they chose to ignore complaints from women that the implants were rupturing and causing scarring. Discernment is not enough by itself: caring thinking leads us to transcend egocentricity and pursue a solution in which the best interests of all concerned are included.. Assumption identification also plays an important role in the act of discerning. When we are determining right from wrong, knowing and verifying the validity of our assumptions helps us to avoid defects in our thinking by ensuring that “all of the cards are on the table” (Paul, 1993). If we suspend judgment about the result of our discernment, we can more effectively identify factors that could lead to egocentricity. When we have the commitment to discern right from wrong, we must look at issues from every perspective in order to form a complete understanding of the issue.

In chapter two, all of the exercises are designed with the assumption that the participants are predisposed to care. By interacting with one another, the participants will have expanded the notion of how caring thinking can help create an organization with integrity. Two exercises in the workshop are designed to facilitate discernment using the critical and creative thinking skills and one exercise addresses the topic of assumption identification. First, the integration and synthesis exercise involves using metacognition to understand how critical thinking and integrity interrelate. Second, constructivist listening provides a personal forum to look deeply and reflectively at issues of concern. The left-

hand column exercise deals specifically with identifying assumptions that may impede the process of discerning.

(2) Acting on what you have discerned, even at personal cost. Once we have determined the proper course of action, it is quite another thing to act on our reasoning. However, given that some thought must precede action, thinking--especially critical thinking with good intentions--is a good place to begin the process of taking responsible action. Caring thinking can be the basis on which we move toward acting in a way that helps to serve the common good. If we care enough about acting ethically, we can more easily put aside self-serving proclivities and do the right thing. The bankers at First National demonstrated a high level of caring and integrity when they voted to take the loss of \$3 million rather than lose self-respect. Moreover, although they withheld judgment about acting ethically during the problem-solving phase of discussion, the bankers clearly understood the implications of their actions from the perspective of the bank examiners and the customers. By understanding many different perspectives and suspending judgments about those points of view, they were able to remove the distorting filters that we all carry in such situations. Thus, we facilitate caring thinking and hence promote responsible action. When we listen without judgment to the concerns of others, we honor their opinions without trying to change them. Rather than maintaining a defensive and "stuck" posture, we can create a new level of understanding and open unforeseen possibilities; this in turn, opens the doors to empathy and caring (Levine, 1994). Caring can

provide the fundamental affective ingredient that impels thoughtful mature action. Clearly, the executives at Dow Corning rejected the perspectives of several parties: the physicians who were inserting the implants, the women who were receiving the implants, and the sales and marketing people who raised questions about the safety of the implants. I would argue that Dow managers held their position so tenaciously that they could not see alternative possibilities. If they had removed the blindfolds of premature judgment, they might have been able to take advantage of insights that could have led them to responsible action.

In the roletaking exercise in chapter two, workshop participants practice seeking multiple perspectives: they place themselves in a different context. The desert survival situation exercise provides an opportunity for workshop participants to practice suspending judgment about many different perspectives so that the team can come to a resolution about how to survive in the hostile desert conditions. The constructivist listening they use during this exercise contributes to the ability to listen without judgment. When we are freed of the inclination to prepare our response, we can suspend our judgments and listen to the entirety of what is being said. The roletaking exercise, which promotes empathy, allows them to understand the perspective of another person. When we place ourselves in the position of another person, we can see what motivates her. This activity also helps us to release our negative judgments about the person.

(3) Saying openly that you are acting on your understanding of right from wrong.

Discerning and acting on the result of one's discernment requires courage and commitment. Speaking openly raises the stakes. It is possible to know what ethical behavior is and even act ethically without public disclosure. However, speaking about one's behavior openly demands knowledge of all of the facts and their interrelationships as well as reasonable justification for actions. Some ethical individuals could stop short of what Carter defines as complete integrity because they are not moved to speak about their actions. When caring individuals, consciously identify all of their assumptions, and suspend judgments about the issue at hand, and then speak about their decisions, the result can be a greater sharing of values. The mutual support that arises from a meeting between people of who care about integrity can help to create an enduring vision which people can openly discuss. In other words, the critical thinking skills that I have defined are vital to the flowering of integrity.

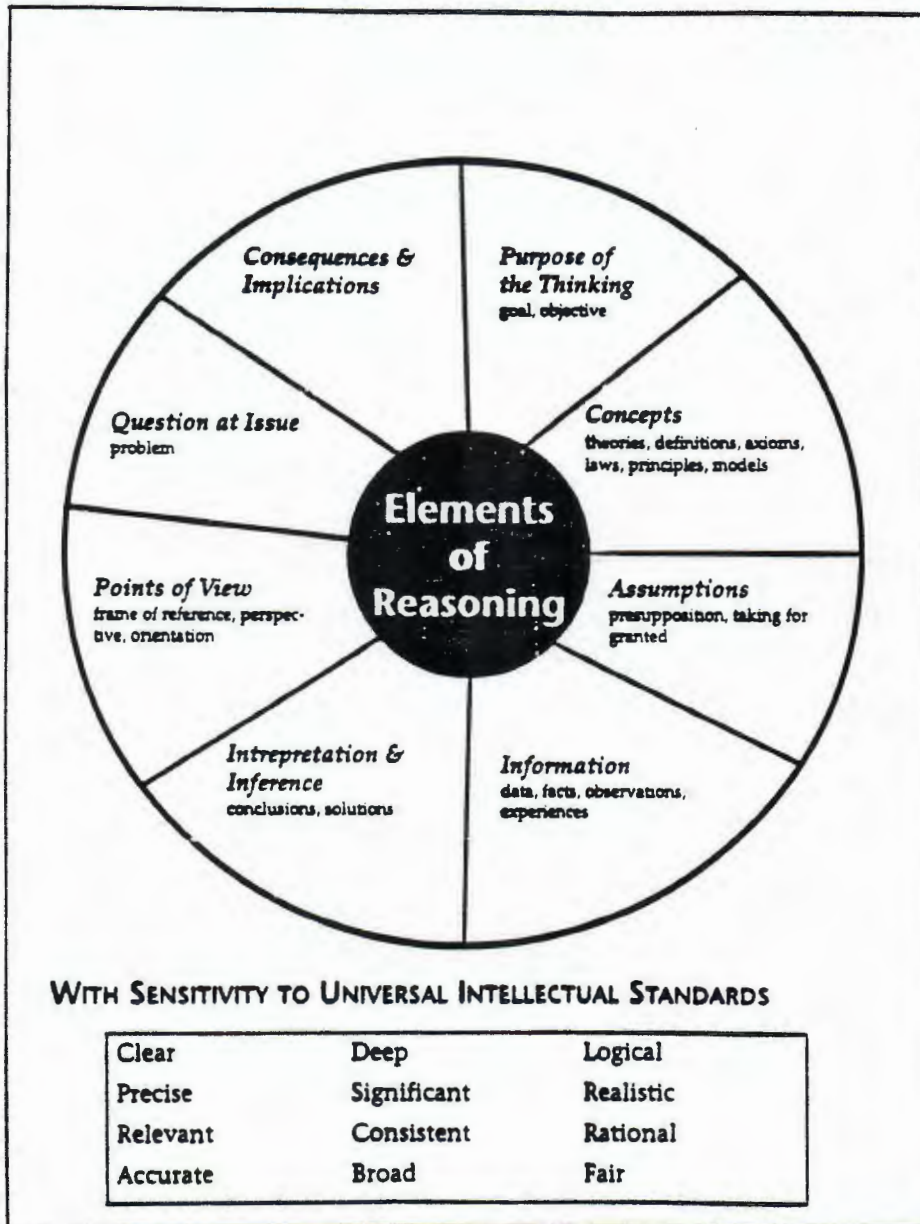
Historically, business has had both positive and negative effects on society.

Given that thought precedes action, we can improve our actions by improving the quality of our thinking. Through the right use of critical thinking we are in a unique position to influence the way in which we do business. The combination of critical thinking and good ethics in business can have profound and far-

reaching effects on the individual, the community, the local and global environment, economics, and ultimately, life as we know it.

APPENDICES

APPENDIX A
A CRITICAL THINKER
CONSIDERS THE ELEMENTS OF REASONING



Obtained from *The Critical Thinking Conference*, Summer 1996

APPENDIX B

REASONING: ELEMENTS, STANDARDS, ABILITIES, TRAITS



Obtained from *The Critical Thinking Conference*, Summer 1996

Appendix C is the “Desert Survival Situation” exercise, which is available at: <http://www.humansynergistics.com/products-services/TeamBuildingSimulations/SurvivalSeries/DesertSurvivalSituation>

APPENDIX D

SOUTHERN DISCOMFORT

Jim Malesckowski remembers the call of two weeks ago as if he just put down the telephone receiver: “I just read your analysis and I want you to get down to Mexico right away,” Jack Ripon, his boss and chief executive officer, blurted in his ear. “You know we can’t make the plant in Oconomowoc work anymore — the costs are just too high. So go down there, check out what our operational costs would be if we move, and report back to me in a week.”

At that moment, Jim felt as if a shiv had been stuck in his side, just below the rib cage. As president of the Wisconsin Specialty Products Division of Lamprey Inc., he knew quite well the challenge of dealing with high-cost labor in a third-generation, unionized manufacturing plant. And although he had done the analysis that led to his boss’s knee-jerk response, the call still stunned him. There were 520 people who make a living at the Oconomowoc facility, and if it closed, most of them wouldn’t have a journeyman’s prayer of finding another in the town of 9,900 people.

As he changed planes in Houston on his way to the Mexican border town, Jim remembered the words of Smiley, one of author John LeCarre’s protagonists: “It’s true that we are obliged to sup with the Devil, and not always with a very long spoon.” The words gnawed at him as he went about his assignment.

Instead of the \$16.00-per-hour average wage paid at the Oconomo plant, the wages paid to the Mexican workers — who lived in a town without sanitation and with an unbelievably toxic effluent from industrial pollution — would amount to about \$1.60 an hour on average. That's a savings of nearly \$15 million a year for Lamprey, to be offset in part by increased costs for training, transportation, and other matters.

After two days of talking with government representatives and managers of other companies in town, Jim had enough information to develop a set of comparative figures of production and shipping costs. On the way home he started to outline the report, knowing full well that unless some miracle occurred, he would be ushering in a blizzard of pink slips for people he had come to appreciate.

Since 1921, the Oconomo plant had made special apparel for persons suffering injuries and other medical conditions. Jim had often talked with employees who would recount stories about their fathers or grandfathers working in the same Lamprey plant — the last of the original manufacturing operations in town.

But friendship aside, competitors had already edged past Lamprey in terms of price and were dangerously close to overtaking it in product quality. Although the plant manager and Jim had tried to convince the union to accept

cross-train employees to perform up to three different jobs, local union leaders could barely restrain their anger. Yet proving beyond the fray, Jim sensed the fear that lurked under the union reps' gruff exterior. He sensed their vulnerability, but couldn't break through the reactionary bark that protected.

It was Jim's empathy that kept the fire of concern alive. That and his ethical belief in dignity of life. He knew what closure would mean to employees and their families. Countless times in the past six months, he could have easily recommended that Lamprey walk away with the jobs. But he continued to hope that somehow, the operation could be turned around.

A week has passed and Jim just submitted his report to his boss. Although he didn't specifically bring up the point, it was apparent that Lamprey could put its investment dollars in a bank and receive a better return than what its Oconomo operation was currently producing.

Tomorrow, he'll discuss the report with the CEO. Jim doesn't want to be responsible for the plant's dismantling, an act he personally believes would be wrong as long as there's a chance its costs can be lowered. "But Ripon's right," he says to himself. "The costs are too high, the union's unwilling to cooperate, and the company needs to make a better return on its investment if it's to continue at all. It sounds right, but feels wrong. What is my responsibility?"

Following are the opinions of three "experts".

Mexico or in other developing countries. Would the people in Third World countries be better off without jobs, or with low-paying jobs? A good ethical argument can be made that the jobs are needed more elsewhere in the world than they are in Wisconsin, for example. There are places in the world (Central America, India, etc.) where 40- or 50-percent unemployment is not unheard of.

Also, the prospect of closing the plant hasn't sunk in yet with its employees. If they were convinced of the tenuousness of the situation, they might very well overrule their union leaders and vote to de-unionize. I've seen that happen.

In his meeting with the CEO, Jim should offer potential solutions and viable alternatives. He could propose that the company (1) schedule a mass meeting with a thorough explanation to employees and key local suppliers of the consequences of a decision to move; (2) consider a management-led buyout offer with serious potential for an employee stock ownership plan and de-unionization; (3) investigate potential outsourcing for the most costly aspects of production; (4) explore what percent of overall costs are represented by wages; and (5) make a request for a trial period of recovery with set measurable goals to be attained.

Jim has an ethical obligation to go beyond his identification with friends and neighbors in Wisconsin. His empathy may get in the way of a good decision.

Opinion of expert #2: When I read the question, "What is my responsibility?" My first reaction is that his responsibility is to all of his company's stakeholders — owners, employees, the communities in which the plants are located, and the customers. Jim needs to consider all of them when he looks at what's best to do.

Starting with that point of view, I would say the Wisconsin operation has to be competitive if it's going to survive. The question is how? Jim needs to get the workers' understanding of the facts so that they can become part of the solution to make that plant competitive. Without their help, the plant will die a slow death, which is worse than if it was cut off quickly.

Possible ways to get their input might involve getting employee leaders to look at labor costs in Mexico, and to look at the competitors' products and prices and how that is affecting the marketplace. The company needs to do a better job of keeping all stakeholders — especially employees — informed and involved in business strategy and issues such as competitiveness and product quality.

If change at home can't occur, then they need to consider manufacturing their products elsewhere. But obviously they need to do a better job of communicating so change can occur at home. That's key to Jim's ethical and managerial responsibility.

Opinion of expert #3: This case raises important ethical questions about the ongoing trend of globalizing production. Information technology and real-time electronic communication now make it relatively easy to set up and manage company production and sales operations all over the world, operations that only a few years ago would not have been possible. This is especially true in manufacturing.

Just what should be the ethical standards that shape decision making in this brave new world? While our guest commentators work through this case, they are, at the same time, exploring this question themselves. It is not an easy one to puzzle through.

Richard Clapp suggests that a basic threshold criterion needed to shape decisions of this sort is competitiveness. This test makes all other considerations secondary. Using this yardstick, the manager's first ethical responsibility is to do everything possible to develop and execute action that makes an operation competitive. Both of our commentators point out that invariably this will involve active participation of employees who are closest to how the work is organized, and whose buy-in (or lack of it) will make or break the success of new initiatives.

If this argument is valid, it implies that there is a marriage of managerial and ethical competency, that one cannot exist without the other. If an executive or manager cannot effectively develop and implement a plan to make an operation competitive, he or she also fails his or her ethical obligation to all

stakeholders, especially employees. How Jim handles this situation, then, is as much of a morality play as it is a test of managerial competence.

What Actually Happened: Jim bought some time from the CEO and went to work. One of the first things he did was to call in leaders from the national union office. Once they became aware of the facts, they were alarmed at the position of the local union leaders and set them straight. National union officials then helped find some “best practice” operations around the country which opened the eyes of the local employees.

Jim also laid the competition’s products and their prices next to the plant’s own products for employees to examine. The discussion moved to the need for restructuring and reorganizing the production process into teams. Employees developed a strategy of selecting their own teams and leaders. Jim also established “open-book management” practices and set up weekly plant meetings.

As a result, the plant became more competitive and improved its financial performance as employees took on more responsibility. Cycle times from start to finish in the making of a single item went from six weeks to six hours. And product delivery time improved dramatically.

This case was taken from Business Ethics Magazine. (Wallace 1996b)

APPENDIX E

BEYOND ENOUGH

Kent Mattel was in a small conference room, sitting on a chair tipped against the wall, under a print of a painting by Matisse. In front of him were two others, sitting at rectangular beechwood table. One was Jack Franke, a slender, boyish-looking man whose graying, bushy eyebrows provided the only hint he was older than he first appeared. His thumbs were moving up and down a document as if smoothing its edges would reassure him it was really there. The other was Sandra Jensen, her elbows anchored on the table, the skin on her face stretched back by the force of her hands pressing her cheeks. Her eyes moved up and down, following the nervous movement of Jack's thumbs.

The conference room and its three occupants served Byte Corp., a conglomerate with headquarters in the southeastern United States. Mid-sized and growing rapidly, the company was doing well financially, while maintaining good employee relations.

As he listened, Kent wondered whether this conversation would have gone as far inside one of Byte's competitors — all of whom had long ago lost the family-owned company culture still alive within Byte. He could see in little things that the hallmarks of the old culture at Byte were beginning to change as well, and he wondered on which side of the ledger the decision they were making would finally fall.

Jack's hands finally came to attention as he began to read aloud from the insurance company's report. "After careful consideration of reviews by two independent medical clinics, it is our conclusion that Aubrey Smith does not qualify for coverage for his medical condition. Although there is no question about his current diagnosis, we do not believe it caused the performance problems that led to his dismissal and, furthermore, that his current medical problems cannot be construed as having begun prior to the time that he was terminated. Therefore, his claims for coverage at this point must be refused."

A cannonball exploded. "Noooooo!" Her elbows shooting off the table, Sandra was instantly on her feet with more than a little fire in her eyes. "This can't be our response to Aubrey! He worked for us for more than twenty-five years. No, not worked; he devoted his whole life to this company. We can't walk away from him knowing we would be destroying any chance for his family's surviving this thing."

"Well, you did your best, Sandra," Jack responded as he turned to her and pushed his reading glasses further down his nose. "You're the best health insurance administrator we've ever had, and your submission for coverage was exceptional. So I don't think there is much more that we really can do. He was fired over twelve months ago."

Sandra reminded both of them that Aubrey's spouse, Helen, also had a long tenure at Byte, with many company friends. She would be devastated by the insurance company's ruling. Helen's life had been a mess in the last few

months. Aubrey had become a stranger to her and was combative, even abusive (which was new). He gained weight and gradually lost control of his life due to a rare, long-term disease that comes on gradually — virtually undetectable at first — and eats away at a person’s mental and physical capabilities until one or the other is destroyed.

“I just can’t buy this ruling. We all are aware of Aubrey’s strange behavior that led to his dismissal,” Sandra said. “At the time, his manager thought Aubrey was simply upset with having to take on a new and difficult assignment. I still think all of this was related to the onset of this disease.”

As the company’s benefits manager, Kent was interested in getting this matter resolved. Jack figured the company already went the extra mile in pressing the insurance organization to consult medical experts: “We can give Helen the right forms and instruct her on procedures for requesting reconsideration for insurance.” Sandra thought that wasn’t going far enough: “If we really care, we would work with her to present the strongest case possible. We ought to really press our provider.”

Jack and Sandra stared at him for several seconds before Kent pushed the back of his chair off the wall, looked at them and said, “Well, we need to come to a conclusion here. What should we do?”

Following are the opinions of three “experts”.

Opinion of expert #1: It’s still a bit muddy as to whether the employee’s problem is in any way caused by the working conditions in the company. If this is a

problem that came as a result of working conditions, it would influence me slightly. Clearly, they have no obligation in contractual terms. Aubrey hasn't worked for the company for a year. Bottom line, there is no formal obligation.

If, as an organization, I felt this strongly about an employee's commitment, I'd put a lot of pressure on the insurance provider — including the possible threat that we would withdraw our business — if it abandons this employee.

We also need to consider whether the company's insurance plan continued to cover Aubrey through an individual policy — a point left unaddressed in this case. Assuming his coverage continued but the plan chose to abandon him, I'd raise hell with the insurer. That would be marginal behavior on their part.

Another issue: What we decide needs to be set within the context of how our company deals with other employees with special needs. I don't want to create an expectation or a practice without understanding what else we have done with other hardship, special needs, maternity, or other kinds of cases. I've got to know how we traditionally have dealt with them. If there is no clear policy, then I think we are exposed a bit more.

I would probably, as a good-faith gesture, set aside a certain amount of money to contribute to his medical costs in a way that would not create a precedent. That might mean putting the money through a trust, a foundation, or some other vehicle in which the company could help pay Aubrey's health care-

related expenses, rather than making a commitment to his continued care. The company could also organize volunteer efforts on the part of its employees, such as special fundraising events. Proceeds could help pay for his health care.

Opinion of expert #2: First, I would want to be sure all my information was straight, and that the health insurance administrator had worked fairly with Aubrey. It's very important that anything that's done for Aubrey would be done for all employees, or for all covered dependents.

Next, I would expect that in our company, for example, we would meet with Aubrey or his wife, review the information that we had, work with them and the insurance company, and make sure they filed all the necessary paperwork — in short, that everything that the insurance company needed was provided.

We would want to be very satisfied that his termination had nothing to do with the onset of his condition. Even though we were under the assumption that it didn't, we would ask the appropriate legal advisor to review the documentation on his termination and to advise us. We would go so far as to fill out forms and follow up on questions.

The question as to whether we would want to cover this ourselves — an idea that's raised at the end of the case — would be yes only if we were prepared to cover that particular circumstance for all employees and their dependents in the plan.

We also might help the employee seek an appeal of his insurer's decision. If additional medical information wasn't previously provided, we would encourage him to provide it, and show him how to do it. You have to work with all employees in the plan to make sure that they get the coverage the company was meant to provide.

Opinion of expert #3: This case tosses a hard question into the center of the ring. Given the ambiguities of critical facts in the story, this dilemma helps us think about the tendency to push fairness to the top when making decisions about how individual problems are addressed in organizations.

On the one hand, our commentators have eloquently pointed out the importance of treating employees with an even hand. Ethicists call this distributive justice, that is, dealing with people in such a way that no one person is treated differently. Much of what has become the basis of our jurisprudence, our law, grows out of this principle. It has a long and rich legacy of thought and practice, and it's something we grew up with and use to guide a great deal of our judgment. An ethic of justice.

However, most of us can also remember occasions when using the bright idea of fairness blinded us to darkened paths that begged for consideration; for example, when an acquaintance was ill and needed our care, or someone's human dignity was threatened, and you were the only one who could help. In

this case, it's former colleagues and managers considering Aubrey's family and it's likely devastation by the onslaught of a debilitating illness.

Sometimes justice is simply not enough. Left to drive down its own path, it often pushes aside acts of kindness that might be viewed as business risks. Carol Gilligan (*In a Different Voice*) and Nel Noddings (*Women and Evil*) argue that an ethic of care should receive at least as much prominence as an ethic of justice when making tough choices in our organizations.

Bravo to Roy Lewicki's dangerously wonderful idea of creating a vehicle for contributions from the company and employee volunteers to Aubrey's long-term disability care. Who knows, it could unleash all kinds of creative goodwill in the face of the tut-tutting that will certainly be heard from those who hold fast to the rule of treating everyone exactly the same. (Am I inviting slings and arrows or what?)

What Happened? The group came to a decision to work aggressively with Aubrey's spouse to appeal the insurance carrier's ruling. They are currently waiting for a response. In the meantime, they anticipate the carrier will not reverse its original decision and are discussing what additional action Byte should take if, indeed, the appeal is turned down.

This case was taken from *Business Ethics Magazine* (Wallace, 1995).

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